

News Release

Embargoed until 0930 BST (0830 UTC) 4 August 2022

S&P Global Europe Sector PMI®

Majority of sectors continue to experience slowdown during July

Key findings

Autos and Forestry & Paper Products weakest performers

Order book data highlights worsening trends across many sectors

Inflation trends generally heading downwards

July's detailed S&P Global Europe Sector PMI® indicated further momentum loss across much of the European economy with 17 sectors (out of 20) recording lower PMI output readings since June.

Of note were the steep monthly drops in PMI readings seen in Media, Construction Materials and Autos. All three sectors also recorded PMI readings consistent with marked monthly contractions in output, with the biggest outright fall recorded in Autos. Only Forestry & Paper Products recorded a larger monthly decline in output.

Only six sectors registered growth in production during June. Moreover, although Pharmaceuticals & Biotechnology recorded a marked rise in output, most other sectors recorded only modest expansion.

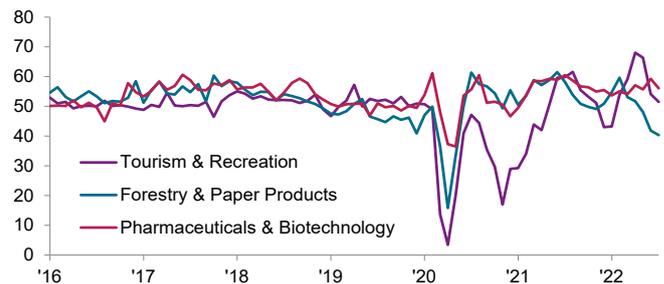
The near-term outlook for production across most sectors remains downbeat based on developments in order books. The majority recorded net declines in orders (16 out of 20), and again most saw relatively worse PMI readings compared to June. Especially severe drops were seen in Forestry & Paper Products, Construction Materials, Chemicals and Metals & Mining.

Meanwhile, most sectors experienced lower input price inflation during July, with some especially steep slowdowns seen in Autos, Metals & Mining, Technology Equipment and Construction & Engineering. Similar developments were seen in output charges, with Healthcare Services recording the slowest inflation but an especially noticeably slowdown seen in Forestry & Paper Products.

Momentum losses in output and new orders fed through to staffing decisions. Although only three sectors recorded outright drops in employment, the majority saw weaker PMI readings than in June. Increasingly challenging current conditions and growing uncertainty about the outlook weighed on hiring in a number of cases.

Europe Sector PMI Business Activity Index

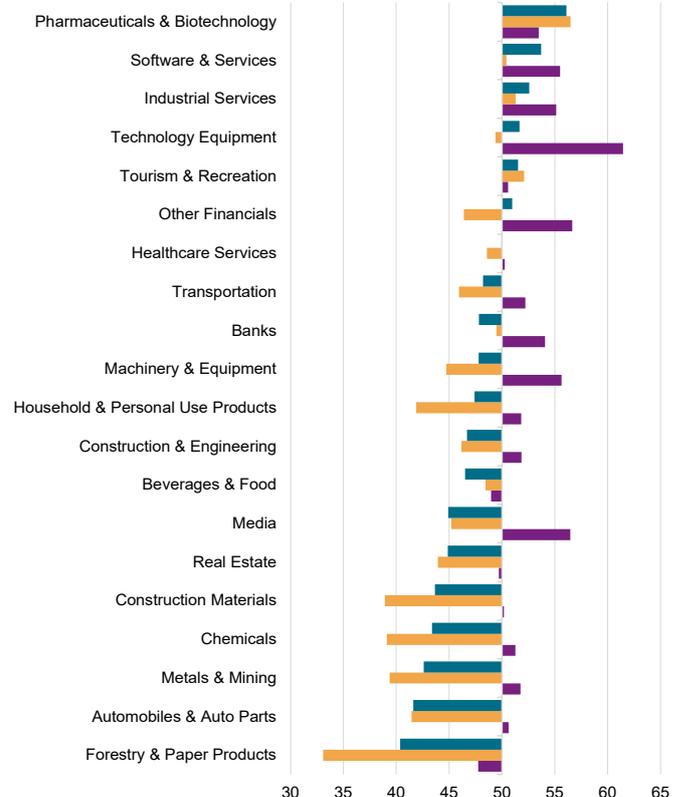
sa, >50 = growth since previous month



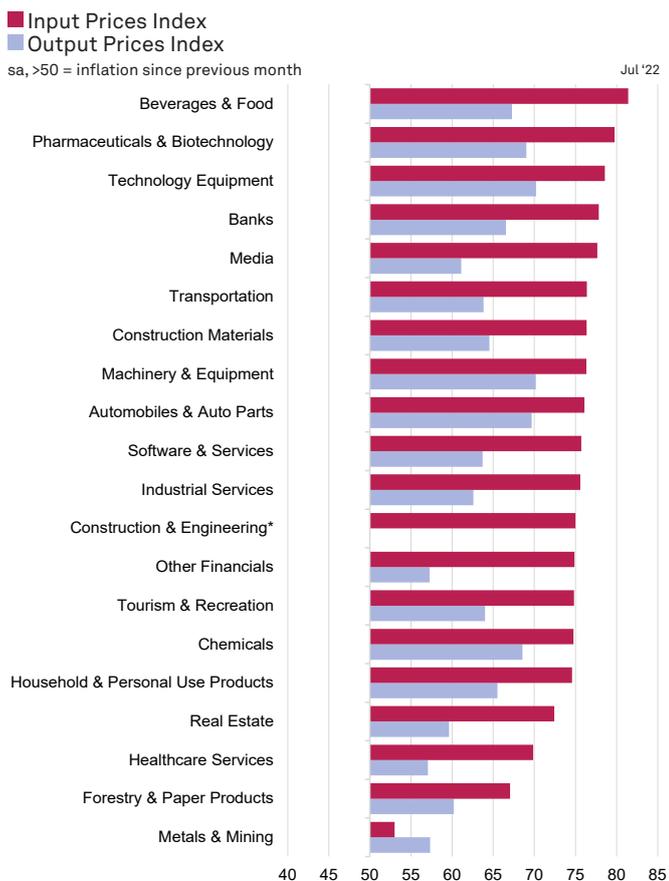
Source: S&P Global.

Output Index
New Orders Index
Employment Index

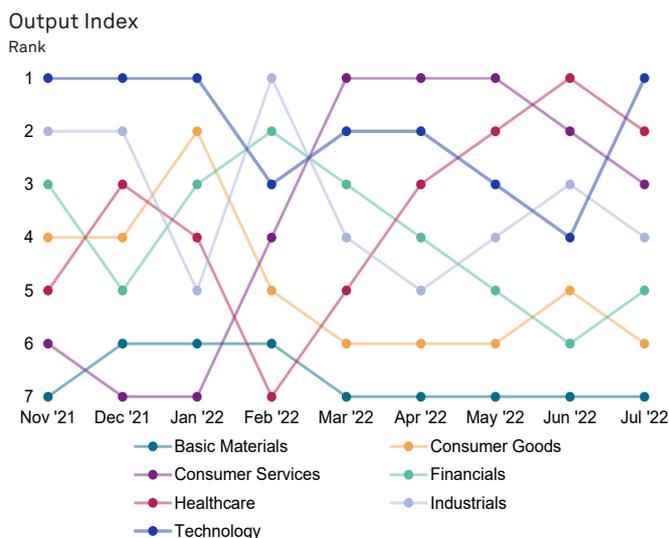
sa, >50 = growth since previous month



Source: S&P Global.



Source: S&P Global.
*Output Prices Index not available.



Source: S&P Global.

Contact

Chris Williamson
Chief Business Economist
S&P Global Market Intelligence
T: +44-20-7260-2329
chris.williamson@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global
T: +44 (0) 7967 447030
sabrina.mayeen@spglobal.com

Paul Smith
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-038
paul.smith2@spglobal.com

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Survey methodology

The S&P Global Europe Sector PMI® indices are compiled by S&P Global from responses to questionnaires sent to purchasing managers in S&P Global's European PMI survey panels, covering over 8,000 private sector companies in Germany, UK, France, Italy, Spain, Netherlands, Austria, Greece, Ireland, Poland and the Czech Republic.

S&P Global maps individual company responses to industry sectors according to standard industry classification (SIC) codes. Europe Sector PMI indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials and technology industry groups, and sub-sectors of these groups.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. Survey responses are weighted by country of origin, based on sectoral gross value added. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

For manufacturing sectors, the headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

For services sectors, or sectors covering both manufacturing and services, the headline figure is the Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity or output compared with one month previously.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

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